

an early response . Since then, several other factors have come into play which have inhibited us. The first is our wish not to prejudice the potential sale to Canada of Trafalgar class SSNs. If the Canadians were to choose the British design, it would be necessary to amend the 1959 US/Canada agreement to allow the propulsion technology to be transferred. This would require the active cooperation of the Office of Naval Reactors in the US DOE, the very department which is opposed to the sea-disposal of DREADNOUGHT. Otherwise, there is a risk that prompted by the ONR, Congress could vote against the amendments and the SSN deal would collapse.

14. A second factor has been the US Presidential election. It has been clear that it would be difficult to obtain any decision from the Administration in advance of the election, and that if the Democrats won, they would probably be unwilling to focus on issues of this kind for some months after assuming power in January. However, the opinion polls suggest that a Republican victory is more probable , and so there may be an opportunity to consult the US Administration shortly after the election on 8 November.

15. Pushing ahead regardless of US wishes is not in my view an option because the US argument about the relevance of the 1958 Agreement does carry some weight. While our legal advisers are divided about whether Article VI would prohibit sea-disposal, there is no dispute that maintaining it is a vital UK interest, and so the legal niceties are largely irrelevant. This is because, as you aware, the Agreement provides for the exchange of sensitive nuclear technology and controlled information, as well as naval propulsion systems, fissile materials and the non-nuclear parts of atomic weapons. The agreement has been fundamental to the establishment of

RESTRICTED/UNCLASSIFIED